

LECs with downward pricing flexibility and then rely on the market to generate implicitly any appropriate productivity adjustments.

V. DATA REQUIRED TO COMPUTE AN X-FACTOR FOR SPECIAL ACCESS ARE NOT AVAILABLE

24. Furthermore, it is unclear how the Commission could develop an economically rational productivity factor even if it were to decide, erroneously, that one were necessary. For all the reasons explained above, it clearly would not make sense – as the *NPRM* seems to recognize – for the Commission to apply an enterprise-wide productivity factor to special access services.²⁴ As noted above, there is no basis simply to *assume* that the productivity a firm experiences overall would reflect the productivity applicable to a specific service.

25. Accordingly, the only way it could *possibly* make sense for the Commission to consider imposing an X-factor would be *if* it were possible for the Commission to determine, for special access services that are subject to price caps, *either* an input price differential or a productivity differential vis-à-vis input price inflation and productivity improvements in the economy as a whole. We stress that this analysis should include *only* those special access services that are properly subject to price caps. To the extent the Commission concludes, as it should, that OC_n level and packet switched services should be removed from the special access price cap regime altogether – because they are subject to pervasive competition (or are susceptible to such competition) – then it would make no sense to include those services in assessing the productivity of the remaining price-capped services.

²⁴ See Notice at 2009 ¶ 37 (questioning reasonableness of applying an enterprise X-factor to special access services).

26. Indeed, the fact is that the only reliable approach to developing productivity factors would be to conduct a productivity analysis for each different *type* of special access service, given that that they each have different cost and competitive structures.

27. But even at the broadest level – *i.e.*, grouping all special access services together – calculating a meaningful productivity factor would be an impossible task. This is because the data the Commission always has used to determine productivity are the ILECs' reported ARMIS data.²⁵ But as the Commission itself has recognized, allocations of cost in ARMIS are inherently arbitrary. This is because the BOCs' businesses are multi-service, multi-jurisdictional enterprises that employ substantial amounts of plant and equipment that is shared by multiple services. For regulatory accounting purposes, all of these joint and common costs must be artificially divided into fixed jurisdictional and service-specific categories, but these allocations may bear little relation to the fluid, dynamic "real world" nature of the competitive services provided by telecommunications companies, and the ways in which investment and expenses are used by (and, therefore, might be attributable to) individual services, a problem that has just grown worse since the ARMIS reporting categories were first established.²⁶

²⁵ Specifically, ARMIS separations data have always been used as the source of the special access services-specific inputs required for the TFP calculation – *i.e.*, for total operating expenses, total plant in service, plant additions, and depreciation and amortization. To calculate a productivity factor for special access services only, however, certain additional allocations would be required to determine employee headcount and labor compensation attributable to special access services, which are not currently reported in ARMIS.

²⁶ See, generally, Notice of Proposed Rulemaking, *Jurisdictional Separations Reform and Referral to the Federal-State Joint Board*, 12 FCC Rcd 22120 (1997); Report and Order, *Jurisdictional Separations Reform and Referral to the Federal-State Joint Board*, 16 FCC Rcd 11382 (2001).

28. Indeed, in its original deliberations on price caps, the Commission explicitly rejected a suggestion from AT&T that it establish a special access services-specific productivity factor – noting that such a calculation would be fundamentally flawed because of its reliance on inherently arbitrary allocations of the underlying costs.²⁷ As the Commission noted, developing special access-specific productivity factors “may present both theoretical and practical issues” because it might not even be possible to accurately “distinguish the productivity associated with interstate services from that associated with intrastate services” or “between the productivity associated with regulated services from that associated with nonregulated services, or to distinguish the productivity associated with any other service or group of services.”²⁸ Nothing has changed in this regard since the Commission reached this conclusion. To the contrary, the separations “freeze” described in Mr. Toti’s declaration makes an even stronger case that ARMIS data are now even more out of touch with the realities of LEC networks than they were at the time the Commission rejected AT&T’s suggestion.²⁹

29. The Commission should also decline to adopt an interim X-factor for special access services. To do so would be entirely arbitrary. The Commission provides absolutely no rationale to support a conclusion that the 5.3 percent figure that it proposes relates in any way to productivity improvements that could be expected in the future for

²⁷ Fourth Further Notice of Proposed Rulemaking, *Price Cap Performance Review for Local Exchange Carriers*, 10 FCC Rcd 13659, 13670 ¶ 69 (1995).

²⁸ *Id.*

²⁹ See Declaration of David Toti ¶¶ 3, 16-20 (“Toti Decl.”); Report and Order, *Jurisdictional Separations and Referral to the Federal-State Joint Board*, 16 FCC Rcd 11382, 11383 ¶ 1 (2001) (“Freeze Order”).

special access services generally, or for the subset of special access services that arguably should not be exempt from price cap regulation.

30. The 5.3 percent figure was adopted, *on an interim basis*, more than a decade ago, based on data that are now at least 15 years old.³⁰ And it is one of three figures the Commission once adopted to apply to price caps for all interstate access services, not special access services in particular. The Commission's analysis of these now outdated data led it to calculate an X-factor of 4.0 percent for the industry as a whole. It established two other X-factor options for the interim period, one at 4.7 percent and the other at 5.3 percent. If a carrier opted to use the 5.3 percent X-factor, it was exempt from any sharing requirement during the interim period.³¹ This approach was accepted by the D.C. Circuit as an interim measure only because the Commission concluded that it was "unable to determine a permanent X-factor" based on a record that the agency conceded "was insufficient to make a final or permanent determination about local exchange carrier productivity under price caps," and "only permitted it to sketch out the 'broadest features of the new X-factor.'"³² The court concluded it was reasonable to employ the 5.3 percent factor on an interim basis only, while the Commission developed a new methodology and addressed certain data problems.³³

³⁰ The data relied upon in First Report and Order, *Price Cap Performance Review for Local Exchange Carriers*, 10 FCC Rcd 8961 (1995) ("*First Price Cap Performance Review Order*"), combined the restated results of two studies to develop its interim productivity factors. One study relied on data from 1985 through 1989, the other on data for 1928 through 1989. *See also Bell Atlantic Tel. Cos. v. FCC*, 79 F.3d 1195, 1198 (D.C. Cir. 1996).

³¹ *Id.* at 1201.

³² *Id.* at 1200 (citing *First Price Cap Performance Review Order* at 9026-27 ¶ 145).

³³ *Id.* at 1203.

31. There is no basis whatsoever to assume that this seriously outdated, interim factor would have any relevance to the productivity of the ILECs' special access services today. As noted above, when the Commission tried to set a permanent factor to replace the interim 5.3 percent factor, the D.C. Circuit observed that the year-to-year differences between LEC changes in productivity and economy-wide changes in productivity calculated by the Commission seemed to be "thrashing about wildly" in a manner that it characterized as "swamping" any effort to define a trend.³⁴ Thus, even if the 5.3 percent factor had reflected actual productivity when it was set – and as noted, it did *not* – there would be no reasonable basis on which the Commission could conclude that the factor was applicable to special access productivity today. Notably, the *NPRM* does not even try to supply such a basis.

32. Imposing what is clearly an irrelevant and outdated interim productivity factor in order to force down existing special access prices immediately is particularly unjustified here, because the Commission has not even concluded that existing special access prices are too high (and, as Mr. Toti's Declaration illustrates, the ARMIS data on which the Commission seems to rely in speculating that this might be the case would not support that conclusion). Effectively, this would impose a measure of "reinitialization" on special access rates before the Commission has even concluded this would be appropriate, and before the Commission has had an opportunity to consider how this might overlap and adversely affect the competition-induced price decreases already being observed in the market.

³⁴ *X-Factor Decision* at 526.

33. Finally, the Commission cannot just adopt *downward* productivity adjustments for special access services without putting into place safeguards to ensure that the LECs' special access prices are not driven below cost. For example, if the Commission were to make its ill-advised interim adjustment and then conclude, as it should, that reinitialization and a productivity factor were inappropriate, it would need some means of addressing the uneconomic losses the LECs would have been forced to bear. And this is true on a going-forward basis as well. An X-factor without the "safety net" of a low-end adjustment is simply unfair. Yet, on the other hand, embarking down a path that would also necessitate these sorts of complex safeguards raises the prospect of a return to an increasingly complex and pervasive regulatory framework – precisely what the Commission has been trying to move away from for more than a decade.

VI. NO G-FACTOR IS NECESSARY OR APPROPRIATE

34. The Commission also seeks comment on whether it should include a "g-factor" in its post-CALLS price cap regime for special access services, allegedly to account for benefits the LECs enjoy from economies of scale. But there are myriad problems with this. To begin with, it is reasonable to presume that the existing price cap levels for various services already reflect differences in economies of scale involved in providing the relevant services; and there is no evidence to suggest that these are significantly *increasing* over time, particularly for special access services. To the contrary, intra- and intermodal competition in the special access market make it irrational to assume that ILECs will experience increasing economies of scale in the future. In fact, just the opposite is likely as competitors capture special access market share. For all of the reasons explained above, using ARMIS to reach this conclusion, as the *NPRM*

purports to do,³⁵ is utterly unreliable. These same infirmities would prevent the Commission from *calculating* a meaningful “g” factor – because a measure of economies of scale necessarily compares changes in output measures to changes in the level of associated inputs – and ARMIS cannot reliably measure the inputs associated with special access services overall, or with sub-categories of special access.

35. In addition, seeking to measure “output” in DS0 equivalents, across the range of capacity levels in which special access services are provided – as the *NPRM* suggests would be necessary to calculate such a factor³⁶ – is problematic. This approach implicitly assumes that because the volume of high-capacity OC_n services (which have a lower cost per DS-0 equivalent than DS-1 services do) is increasing, the per-unit cost of providing DS-1 services is declining. But the market for DS-1 special access is different from the market for OC-48 special access services – DS-1 customers cannot simply “upgrade” to OC-48 service – and there is no evidence that the cost of providing DS-1 special access services that exist in the market is reduced by increases in the scale of OC_n services provided.

36. Finally, imposing *both* a “g” factor and a productivity factor would be especially inappropriate: there is no way whatsoever to “avoid including demand growth-related efficiencies in both the ‘g’ factor and the X-factor.”³⁷ If line growth is the accepted measure of output growth for special access lines, then the fact that line growth

³⁵ Notice at 2005, 2010 ¶¶ 27, 40.

³⁶ *Id.* at 2010 ¶ 41.

³⁷ *Id.* at 2010 ¶ 40.

has outpaced growth in expenses – even if accurate³⁸ – would simply be a measure of productivity improvement that would already be reflected in a productivity factor.

Including this a second time as part of a g-factor would be illogical.

37. All of the factors we have identified above for concluding that no productivity factor should be applied as part of a price cap regime going forward – including the fact that downward pricing flexibility is a far more accurate and sure way to achieve the same gains without the risk of skewing the marketplace – would apply with equal force to a g-factor.

³⁸ As Mr. Toti explains, the Commission cannot rely on ARMIS data to make such a determination. *See* Toti Decl. ¶¶ 16-20.

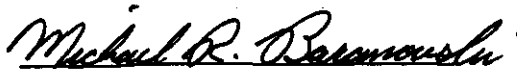
I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed on June 13, 2005.


John C. Klick

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed on June 13, 2005.


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John Klick is a senior managing director and the practice leader of FTI's Economic Consulting practice and is based in Washington, DC. With 30 years of experience, Mr. Klick is widely recognized as a seasoned and effective expert witness on damages, economic costs, pricing of regulated services, mergers and acquisitions, and anti-trust matters.

Mr. Klick has provided expert testimony in cases involving economic damages; the public and private benefits of proposed mergers and acquisitions; the marginal, incremental and stand-alone costs of services provided by regulated network industries; and the pricing of access to network facilities. Much of this testimony has required Mr. Klick to analyze complex economic models and to effectively communicate his conclusions to decision-makers.

Mr. Klick has provided testimony before federal and state courts, arbitration panels, the Surface Transportation Board and its predecessor, the Interstate Commerce Commission, the Federal Energy Regulatory Commission, numerous state regulatory agencies, and mediators. He has assisted financial institutions in assessing potential investments in a variety of industries, and has served as a party appointed arbitrator in two complex contract performance disputes between Fortune 50 companies.

Mr. Klick has in-depth experience in a number of industrial sectors including telecommunications, energy, and transportation and has lectured on economic issues to various technical trade groups. In addition, he has taught a well-received Consulting Practicum as part of Georgetown University's MBA program.

TELECOMMUNICATIONS TESTIMONY

Courts

December 4, 2000 United States District Court, Central District of California, Western Division. Case No. 99-11641 RSWL (RCx). Arthur Simon, et al, v. American Telephone & Telegraph Corp.; At Home Corporation; Arahova Communications, Inc.; Cox Communications, Inc.; Comcast Corporation; Cablevision Systems Corp.; Garden State Cablevision LP; Jones Intercable, Inc.; Time Warner, Inc.; Time Warner Entertainment Co., L.P.; TWE □ A/N Partnership; MediaOne Group; Servico L.L.C.; and Telecommunications, Inc. Declaration of John C. Klick and Brian F. Pitkin In Support of Defendants' Motion In Opposition To Plaintiffs' Motion for Class Certification.

Federal Communications Commission

May 26, 1999 CC Docket No. 96-98. In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996. Affidavit of John C. Klick and Brian F. Pitkin.

May 26, 1999 CC Docket No. 96-98. In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996. Affidavit of Michael J. Boyles, John C. Klick and Brian F. Pitkin.



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October 10, 2002 WC Docket No. 02-307. *In the Matter of Application by BellSouth Corporation, for Authorization To Provide In-Region, InterLATA Services in the States of Florida and Tennessee.* Declaration of John C. Klick and Brian F. Pitkin on Behalf of AT&T Corp.

November 1, 2002 WC Docket No. 02-307. *In the Matter of Application by BellSouth Corporation, for Authorization To Provide In-Region, InterLATA Services in the States of Florida and Tennessee.* Reply Declaration of John C. Klick and Brian F. Pitkin on Behalf of AT&T Corp.

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September 7, 2001 Application No. 01-02-024. Joint Application of AT&T Communications of California, Inc. (U 5002 C) and WorldCom, Inc. for the Commission to Reexamine the Recurring Costs and Prices of Unbundled Switching in Its First Annual Review of Unbundled Network Element Cost Pursuant to Ordering Paragraph 11 of D.99-11-050. Declaration of John C. Klick in Support of Reply Comments of Joint Applicants' Regarding Unbundled Loop Interim Proposal

October 30, 2001 Application No. 01-02-024. Joint Application of AT&T Communications of California, Inc. (U 5002 C) and WorldCom, Inc. for the Commission to Reexamine the Recurring Costs and Prices of Unbundled Switching in Its First Annual Review of Unbundled Network Element Cost Pursuant to Ordering Paragraph 11 of D.99-11-050. Declaration of John C. Klick in Support of Reply Comments of Joint Applicants' Regarding Unbundled Loop Interim Proposal

November 5, 2001 Application No. 01-02-024. Joint Application of AT&T Communications of California, Inc. (U 5002 C) and WorldCom, Inc. for the Commission to Reexamine the Recurring Costs and Prices of Unbundled Switching in Its First Annual Review of Unbundled Network Element Cost Pursuant to Ordering Paragraph 11 of D.99-11-050. Declaration of John C. Klick in Support of Response of Joint Applicants to (1) Motion of Pacific Bell Telephone Company (U 1001 C) to Notify Parties of Discounted Switching UNE Prices; and (2) Pacific Bell Telephone Company's (U 1001 C) Motion to Vacate the Assigned Commissioner's and Administrative Law Judge's Ruling of September 28, 2001 as Moot

- November 9, 2001 Application No. 01-02-024. Joint Application of AT&T Communications of California, Inc. (U 5002 C) and WorldCom, Inc. for the Commission to Reexamine the Recurring Costs and Prices of Unbundled Switching in Its First Annual Review of Unbundled Network Element Cost Pursuant to Ordering Paragraph 11 of D.99-11-050. Declaration of John C. Klick in Support of Reply Comments of Joint Applicants Regarding Unbundled Switching Interim Proposal
- September 9, 2002 Rulemaking 93-04-003. Rulemaking on the Commission's Own Motion to Govern Open Access to Bottleneck Services and Establish A Framework for Network Architecture Development of Dominant carrier Networks. Investigation 93-04-002. Investigation on the Commission's Own Motion into Open Access and Network Architecture Development of Dominant Carrier Networks. Declaration of John C. Klick in Support of Proposal of AT&T Communications of California, Inc. (U 5002-C) and WorldCom, Inc. ("Joint Commentors") For Interim Unbundled Network Element Rates.
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- October 18, 2002 Application No. 01-02-024. Joint Application of AT&T Communications of California, Inc. (U 5002 C) and WorldCom, Inc. for the Commission to Reexamine the Recurring Costs and Prices of Unbundled Switching in Its First Annual Review of Unbundled Network Element Cost Pursuant to Ordering Paragraph 11 of D.99-11-050. Declaration of John C. Klick in Support of Joint Applicants' Opening Comments.
- August 6, 2004 Rulemaking 93-04-003. Rulemaking on the Commission's Own Motion to Govern Open Access to Bottleneck Services and Establish a Framework for Network Architecture Development of Dominant Carrier Networks. Investigation 93-04-003. Investigation on the Commission's Own Motion Into Open Access and Network Architecture Development of Dominant Carrier Networks. (Verizon UNE Phase). Declaration of John C. Klick in Support of Reply Comments of Joint Commentors.
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- March 6, 1997 Docket No. 96S-331T. In the Matter of the Investigation and Suspension of Tariff Sheets Filed by U S WEST Communications, Inc., With Advice Letter No. 2617, Regarding Tariffs For Interconnection, Local Termination, Unbundling and Resale of Services, Pursuant to 47 U.S.C. Section 252 of the Telecommunications Act of 1996.
- March 26, 1997 Docket No. 96S-331T. In the Matter of the Investigation and Suspension of Tariff Sheets Filed by U S WEST Communications, Inc., With Advice Letter No. 2617, Regarding Tariffs For Interconnection, Local Termination, Unbundling and Resale of Services, Pursuant to 47 U.S.C. Section 252 of the Telecommunications Act of 1996.
- May 6, 1997 Docket No. 97M-063T. In the Matter of the Administration of the Colorado High Cost Fund and the Development of a Cost Model, Pursuant to 47 U.S.C. Section 252 of the Telecommunications Act of 1996.
- May 23, 1997 Docket No. 97M-063T. In the Matter of the Administration of the Colorado High Cost Fund and the Development of a Cost Model, Pursuant to 47 U.S.C. Section 252 of the Telecommunications Act of 1996.
- November 17, 1997 Docket No. 97M-063T. In the Matter of the Administration of the Colorado High Cost Fund and the Development of a Cost Model, Pursuant to 47 U.S.C. Section 252 of the Telecommunications Act of 1996.

Public Service Commission of the District of Columbia

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- May 2, 1997 Formal Case No. 962. In the Matter of the Implementation of the District of Columbia Telecommunications Competition Act of 1996 and implementation of 47 U.S.C. Section 252 of the Telecommunications Act of 1996.

Florida Public Service Commission

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Idaho Public Utilities Commission

- November 22, 1996 Docket No. USW-T-96-15/ATT-T-96-2. In the Matter of the Interconnection Contract Negotiations Between AT&T Communications of the Mountain States, Inc., and U S WEST Communications, Inc., Pursuant to 47 U.S.C. Section 252 of the Telecommunications Act of 1996.
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State of Iowa Department of Commerce Utilities Board

- October 7, 1996 Docket No. ARB-96-3. In the Matter of the Interconnection Contract Negotiations Between AT&T Communications of the Midwest, Inc., and GTE Communications, Inc., Pursuant to 47 U.S.C. Section 252 of the Telecommunications Act of 1996.
- October 21, 1996 Docket No. ARB-96-3. In the Matter of the Interconnection Contract Negotiations Between AT&T Communications of the Midwest, Inc., and GTE Communications, Inc., Pursuant to 47 U.S.C. Section 252 of the Telecommunications Act of 1996.
- April 23, 1997 Docket No. RPU-96-9. Application for rehearing in part for purposes of Clarification and Correction, Pursuant to 47 U.S.C. Section 252 of the Telecommunications Act of 1996.
- July 30, 1997 Docket No. RPU-96-9. . Application for rehearing in part for purposes of Clarification and Correction, Pursuant to 47 U.S.C. Section 252 of the Telecommunications Act of 1996.

Kentucky Public Service Commission

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Louisiana Public Service Commission

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Minnesota Public Utilities Commission

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- March 23, 1998 Docket Nos. P-42; 5321, 3167, 466, 421/CI-96-1540; OAH Docket No. 12-2500-10956-2. In the Matter of Generic Investigation of U S WEST Communications, Inc.'s Costs of Providing Interconnection and Unbundled Network Elements, Pursuant to 47 U.S.C. Section 252 of the Telecommunications Act of 1996.
- April 6, 1998 Docket Nos. P-42; 5321, 3167, 466, 421/CI-96-1540; OAH Docket No. 12-2500-10956-2. In the Matter of Generic Investigation of U S WEST Communications, Inc.'s Costs of Providing Interconnection and Unbundled Network Elements, Pursuant to 47 U.S.C. Section 252 of the Telecommunications Act of 1996.
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Public Service Commission of Missouri

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Public Service Commission of the State of Montana

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Nebraska Public Service Commission

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New Jersey Board of Public Utilities

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New Mexico Corporation Commission

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State of New York Public Service Commission

- March 27, 1998 Case No. 95-C-0657. In the matter of Wholesale Provisioning of Local Exchange Service. 94-C-0095. In the matter of the Continuing Provision of Universal Service and Developing a Regulatory Framework for the Transition to Competition in the Local Exchange Market. 91-C-1174. In the matter of Comparably Efficient Interconnection Arrangements for Residential and Business Links, Pursuant to 47 U.S.C. Section 252 of the Telecommunications Act of 1996.
- October 31, 2003 Case 03-C-0980. Proceeding On Motion Of The Commission As To The Rates, Charges, Rules And Regulations Relating To The Provisioning Of Direct Current Power By Verizon-New York Inc. For Use In Connection With Collocation Spaces
- November 24, 2003 Case 03-C-0980. Proceeding On Motion Of The Commission As To The Rates, Charges, Rules And Regulations Relating To The Provisioning Of Direct Current Power By Verizon-New York Inc. For Use In Connection With Collocation Spaces

North Carolina Public Staff Utilities Commission

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- January 30, 1998 Docket No. P-100, Sub 133b. In the Matter of Establishment of Universal Support Mechanisms, Pursuant to 47 U.S.C. Section 252 of the Telecommunications Act of 1996.
- February 16, 1998 Docket No. P-100, Sub 133d. In the Matter of the Determination of Permanent Pricing for Unbundled Network Elements, Pursuant to 47 U.S.C. Section 252 of the Telecommunications Act of 1996.
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State of North Dakota Public Service Commission

- November 22, 1996 Docket No. PU-453-96-497. In the Matter of the Interconnection Contract Negotiations Between AT&T Communications of the Midwest, Inc., and U S WEST Communications, Inc., Pursuant to 47 U.S.C. Section 252 of the Telecommunications Act of 1996.
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Oregon Public Utility Commission

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Pennsylvania Public Utility Commission

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South Carolina Public Service Commission

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Tennessee Regulatory Authority

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Public Utility Commission of Texas

February 27, 1998 Docket No. 18515. Compliance Proceeding for Implementation of the Texas High Cost Universal Service Plan, Pursuant to 47 U.S.C. Section 252 of the Telecommunications Act of 1996.

Public Service Commission of Utah

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Washington Utilities and Transportation Commission

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Public Service Commission of the State of Wyoming

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Federal Energy Regulatory Commission

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- 1994 Trial Court No. D102CV910720 Burlington Northern Railroad Company v. Southwestern Electric Power Company In the 102nd Judicial District Court, Bowie County, Texas

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| January 24, 1992 | <i>In the Matter of the Arbitration Between Tuco Inc., Burlington Northern Railroad Company and The Atchison, Topeka and Santa Fe Railroad Company.</i> |
| February 21, 1992 | <i>In the Matter of the Arbitration Between Tuco, Inc. and Burlington Northern Railroad Company and Atchison, Topeka & Santa Fe Railroad Company.</i> |
| March 24, 1992 | <i>In the Matter of the Arbitration Between Tuco, Inc., Burlington Northern Railroad Company and Atchison, Topeka & Santa Fe Railroad Company.</i> |
| July 20, 1992 | <i>In the Matter of the Arbitration Between Wisconsin Power & Light Company and Burlington Northern Railroad Company, et. al.</i> |
| September 4, 1992 | <i>In the Matter of the Arbitration Between Wisconsin Power & Light Company and Burlington Northern Railroad Company, et. al.</i> |
| October 4, 1993 | <i>In the Matter of the Arbitration Between Public Service Company of Oklahoma and Burlington Northern Railroad Company.</i> |
| February 21, 1994 | <i>In the Matter of the Arbitration Between Public Service Company of Oklahoma and Burlington Northern Railroad Company.</i> |
| May 3, 1999 | <i>Elisra Electronics Systems, Ltd. V. Qualcomm, Inc., Before the American Arbitration Association No. 50 T 181 00005 98.</i> |
| September 23, 1999 | <i>Statistical Analysis of Cap Gemini Report for Lee & Allen, Inc., submitted in UGI/Transco Mediation (London, England)</i> |
| September, 1999 To Present | <i>Party-appointed Arbitrator in MCI Worldcom, Inc. and AT&T Corp., v. Bell Atlantic Corporation, an arbitration conducted under the rules of the CPR Institute for Dispute Resolution.</i> |
| October, 2000 To Present | <i>Party-appointed Arbitrator in Competitive Local Exchange Carriers v. SBC Communications, Inc., an arbitration conducted under the rules of the CPR Institute for Dispute Resolution.</i> |
| March 7, 2005 | <i>Arbitration Case #181 Y 00490 04 BNSF Railway Company and J.B. Hunt Transport, Inc., Expert Report on behalf of BNSR Railway Company</i> |
| March 28, 2005 | <i>Arbitration Case #181 Y 00490 04 BNSF Railway Company and J.B. Hunt Transport, Inc., Rebuttal Expert Report on behalf of BNSR Railway Company</i> |
| April 12, 2005 | <i>Arbitration Case #181 Y 00490 04 BNSF Railway Company and J.B. Hunt Transport, Inc., Supplemental Expert Report on behalf of BNSR Railway Company</i> |



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Education

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Supplemental Finance
Studies, Kean College

Mike Baranowski is a senior managing director of FTI's Economic Consulting practice and is based in Washington, DC. He provides financial and economic consulting services to the telecommunications and transportation industries. He has special expertise in analyzing and developing complex computer costing models, operations analysis, and transportation engineering. Much of his work involves providing oral and written expert testimony before courts and regulatory bodies.

Some of Mr. Baranowski's representative accomplishments include:

- Overseeing the development of computer cost modeling tools designed to simulate the cost of competitive entry into local telecommunications markets and directing the efforts of a nationwide team of testifying experts presenting the cost model results in multiple proceedings across the country.
- Directing the analysis, critique and restatement of a variety of complex cost models developed by major telecommunications companies designed to simulate the forward-looking cost of competitive entry into local telecommunications markets.
- Designing multiple PC-based spreadsheet models for use in calculating the stand-alone cost of competitive entry into the railroad and pipeline markets. These models have been used to assist clients in all three network industries in making internal pricing decisions that are in compliance with governing regulatory standards.
- Conducting detailed analyses of railroad operations and developing the associated capital requirements and operating expenses attributable to specific movements and the incremental capital and operating expense requirements attributable to major changes in anticipated traffic levels.
- Calculating marginal and incremental costs for a major petroleum products pipeline company, an approach that is now used regularly by the company in making internal day-to-day pricing decisions.

Mr. Baranowski holds a B.S. in Accounting from Fairfield University in Fairfield, Connecticut and has pursued supplemental finance studies at Kean College in Union, New Jersey.

TELECOMMUNICATIONS TESTIMONY

Federal Communications Commission

| | |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| February 1998 | File No. E-98-05. AT&T Corp. v. Bell Atlantic Corp. Affidavit of Michael R. Baranowski. |
| March 13, 1998 | File No. E-98-05. AT&T Corp. v. Bell Atlantic Corp. Supplemental Affidavit of Michael R. Baranowski. |
| June 10, 1999 | CC Docket No. 96-98. Implementation of the Local Competition Provisions of the Telecommunications Act of 1996. Reply Affidavit of Michael R. Baranowski, John C. Klick and Brian F. Pitkin. |



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July 25, 2001 CC Docket No. 00-251, 00-218. In the Matter of Petition of AT&T Communications of Virginia, Inc. and WorldCom, Inc., Pursuant to Section 252(e)(5) of the Communications Act, for Preemption of the Jurisdiction of the Virginia State Corporation Commission Regarding Interconnection Disputes with Verizon-Virginia, Inc. Panel

Public Service Commission of Delaware

February 4, 1997 PSC Docket No. 96-324. In the Matter of Bell Atlantic - Delaware Statement of Terms and Conditions Under Section 252(F) of the Telecommunications Act of 1996. Testimony of Michael R. Baranowski.

Public Service Commission of the District of Columbia

March 24, 1997 Formal Case No. 962. In the Matter of the Implementation of the District of Columbia Telecommunications Competition Act of 1996. Testimony of Michael R. Baranowski.

May 2, 1997 Formal Case No. 962. In the Matter of the Implementation of the District of Columbia Telecommunications Competition Act of 1996. Rebuttal Testimony of Michael R. Baranowski.

Public Service Commission of the State of Maryland

March 7, 1997 Docket No. 8731, Phase II. In the Matter of the Petitions for Approval of Agreements and Arbitration of Unresolved Issues Arising Under Section 252 of the Telecommunications Act of 1996. Direct Testimony of Michael R. Baranowski.

April 4, 1997 Docket No. 8731, Phase II. In the Matter of the Petitions for Approval of Agreements and Arbitration of Unresolved Issues Arising Under Section 252 of the Telecommunications Act of 1996. Rebuttal Testimony of Michael R. Baranowski.

May 25, 2001 Case No. 8879. In the Matter of the Investigation into Rates for Unbundled Network Elements Pursuant to the Telecommunications Act of 1996. Panel Testimony on Recurring Cost Issues

Public Service Commission of the State of Michigan

January 20, 2004 Case No. U-13531. In the Matter, on the Commission's Own Motion to Review the Costs of Telecommunication Service Provided By SBC Michigan. Initial Testimony of Michael R. Baranowski and Julie A. Murphy.

May 10, 2004 Case No. U-13531. In the Matter, on the Commission's Own Motion to Review the Costs of Telecommunication Service Provided By SBC Michigan. Final Reply Testimony of Michael R. Baranowski and Julie A. Murphy.

North Carolina Utilities Commission

March 9, 1998 Docket No. P-100, Sub 133d. In the Matter of Establishment of Universal Support Mechanisms Pursuant to Section 254 of the Telecommunications Act of 1996. Rebuttal Testimony of Michael R. Baranowski.

Pennsylvania Public Utility Commission

January 13, 1997 Docket Nos. A-310203F0002 et al. MFS-III. Application of MFS Intelenet of Pennsylvania, Inc. et. Al. (Phase III). Rebuttal Testimony of Michael R. Baranowski.

February 21, 1997 Docket Nos. A-310203F0002 et al. MFS-III. Application of MFS Intelenet of Pennsylvania, Inc. et. Al. (Phase III). Surrebuttal Testimony of Michael R. Baranowski.

April 22, 1999 Docket Nos. P-00991648, P-00991649. Petition of Senators and CLECs for Adoption of Partial Settlement and Joint Petition for Global Resolution of Telecommunications Proceedings. Direct Testimony of Michael R. Baranowski.

January 11, 2002 Docket No. R-00016683. Generic Investigation of Verizon Pennsylvania, Inc.'s Unbundled Network Element Rates. Panel Testimony on Recurring Cost Issues

State Corporation Commission Commonwealth of Virginia

April 7, 1997 Case No. PUC970005. Ex Parte to Determine Prices Bell Atlantic - Virginia, Inc. Is Authorized To Charge Competing Local Exchange Carriers In Accordance With The Telecommunications Act of 1996 And Applicable State Law. Affidavit of Michael R. Baranowski.

April 23, 1997 Case No. PUC970005. Ex Parte to Determine Prices Bell Atlantic - Virginia, Inc. Is Authorized To Charge Competing Local Exchange Carriers In Accordance With The Telecommunications Act of 1996 And Applicable State Law. Direct Testimony of Michael R. Baranowski.

June 10, 1997 Case No. PUC970005. Ex Parte to Determine Prices Bell Atlantic - Virginia, Inc. Is Authorized To Charge Competing Local Exchange Carriers In Accordance With The Telecommunications Act of 1996 And Applicable State Law. Rebuttal Testimony of Michael R. Baranowski.

Washington State Utilities and Transportation Commission

December 22, 2003 Docket No. UT-033044. In the Matter of the Petition of Qwest Corporation To Initiate a Mass-Market Switching and Dedicated Transport Case Pursuant to the Triennial Review Order. Direct Testimony of Michael R. Baranowski.

February 2, 2004 Docket No. UT-033044. In the Matter of the Petition of Qwest Corporation To Initiate a Mass-Market Switching and Dedicated Transport Case Pursuant to the Triennial Review Order. Response Testimony of Michael R. Baranowski.

Public Service Commission of West Virginia

- February 13, 1997 Case Nos. 96-1516-T-PC, 96-1561-T-PC, 96-1009-T-PC, 96-1533-T-T. Petition to establish a proceeding to review the Statement of Generally Available Terms and Conditions offered by Bell Atlantic in accordance with Sections 251, 252, and 271 of the Telecommunications Act of 1996. Testimony of Michael R. Baranowski.
- February 27, 1997 Case Nos. 96-1516-T-PC, 96-1561-T-PC, 96-1009-T-PC, 96-1533-T-T. Petition to establish a proceeding to review the Statement of Generally Available Terms and Conditions offered by Bell Atlantic in accordance with Sections 251, 252, and 271 of the Telecommunications Act of 1996. Rebuttal Testimony of Michael R. Baranowski.
- June 3, 2002 Case No. 01-1696-T-PC, Verizon West Virginia, Inc. Petition For Declaratory Ruling That Pricing of Certain Additional Unbundled Network Elements (UNEs) Complies With Total Element Long-Run Incremental Cost (TELRIC) Principles. Direct Testimony of Michael R. Baranowski
- July 1, 2002 Case No. 01-1696-T-PC, Verizon West Virginia, Inc. Petition For Declaratory Ruling That Pricing of Certain Additional Unbundled Network Elements (UNEs) Complies With Total Element Long-Run Incremental Cost (TELRIC) Principles. Supplemental Direct Testimony of Michael R. Baranowski

RAILROAD TESTIMONY

Interstate Commerce Commission

- March 9, 1995 Finance Docket No. 32467. National Railroad Passenger Corporation and Consolidated Rail Corporation -- Application Under Section 402(a) of the Rail Passenger Service Act for an Order Fixing Just Compensation.
- October 30, 1995 Docket No. 41185. Arizona Public Service Company and PacifiCorp v. The Atchison, Topeka and Santa Fe Railway Company.

Surface Transportation Board

- July 11, 1997 Docket No. 41989. Potomac Electric Power Company v. CSX Transportation, Inc. Reply Statement and Evidence of Defendant CSX Transportation, Inc.
- August 14, 2000 Docket No. 42051. Wisconsin Power and Light Company v. Union Pacific Railroad Company, Reply Verified Statement of Christopher D. Kent and Michael R. Baranowski.
- September 20, 2002 STB Docket No. 42070. Duke Energy Corporation v. CSX Transportation, Inc., Reply Evidence and Argument of CSX Transportation, Inc.
- September 30, 2002 STB Docket No. 42069. Duke Energy Corporation v. Norfolk Southern Railway Company, Reply Evidence and Argument of Norfolk Southern Railway Company.

October 11, 2002 STB Docket No. 42072. Carolina Power & Light v. Norfolk Southern Railway Company, Reply Evidence and Argument of Norfolk Southern Railway Company.

November 12, 2002 Docket No. 42070 Duke Energy Corporation v. CSX Transportation, Rebuttal Evidence and Argument of CSX Transportation

November 19, 2002 Docket No. 42069 Duke Energy Corporation v. Norfolk Southern Railway Company, Rebuttal Evidence and Argument of Norfolk Southern Railway Company

November 27, 2002 Docket No. 42072 Carolina Power & Light Company v. Norfolk Southern Railway Company, Rebuttal Evidence and Argument of Norfolk Southern Railway Company

January 10, 2003 STB Docket No. 41185. Arizona Public Service Co. And PacifiCorp v. The Atchison, Topeka and Santa Fe Railway Company, Petition of the Burlington Northern and Santa Fe Railway Company to Reopen and Vacate Rate Prescription.

February 19, 2003 STB Docket No. 42077, Arizona Public Service Co. And PacifiCorp v. The Burlington Northern and Santa Fe Railway Company, and STB Docket No. 41185, Arizona Public Service Co. And PacifiCorp v. The Burlington Northern and Santa Fe Railway Company, Reply of the Burlington Northern Santa Fe Railway Company in Opposition to Petition for Consolidation.

April 4, 2003 Docket No. 42057 Public Service Company of Colorado D/B/A Xcel Energy v. The Burlington Northern and Santa Fe Railway Company, Reply Evidence and Argument of The Burlington Northern and Santa Fe Railway Company

October 8, 2003 Docket No. 42071 Otter Tail Power Company v. The Burlington Northern and Santa Fe Railway Company, Reply Evidence of The Burlington Northern and Santa Fe Railway Company

October 24, 2003 Docket No. 42069 Duke Energy Corporation v. Norfolk Southern Railway Company, Supplemental Evidence of Norfolk Southern Railway Company

October 31, 2003 Docket No. 42069 Duke Energy Corporation v. Norfolk Southern Railway Company, Reply of Norfolk Southern Railway Company to Duke Energy Company's Supplemental Evidence

November 24, 2003 Docket No. 42072 Carolina Power & Light Company v. Norfolk Southern Railway Company, Supplemental Evidence of Norfolk Southern Railway Company

December 2, 2003 Docket No. 42072 Carolina Power & Light Company v. Norfolk Southern Railway Company, Reply of Norfolk Southern Railway Company to Carolina Power & Light Company's Supplemental Evidence

December 12, 2003 Docket No. 42069 Reply of Norfolk Southern Railway Company to Duke Energy Corporation's Petition to Correct Technical Error and Affidavit of Michael R. Baranowski

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|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| January 5, 2004 | Docket No. 42070 Duke Energy Corporation v. CSX Transportation, Inc., Supplemental Evidence of CSX Transportation, Inc. |
| January 26, 2004 | Docket No. 42058 Arizona Electric Power Cooperative, Inc. v. The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad Company, Joint Supplemental Reply Evidence and Argument of The Burlington Northern and Santa Fe Railway Company and Union Pacific Railroad Company |
| March 22, 2004 | Docket No. 42071 Otter Tail Power Company v. The Burlington Northern and Santa Fe Railway Company, Supplemental Reply Evidence of The Burlington Northern and Santa Fe Railway Company |
| April 9, 2004 | Docket No. 41185 Arizona Public Service Company and PacifiCorp v. The Burlington Northern and Santa Fe Railway Company, The Burlington Northern and Santa Fe Railway Company's Reply Evidence on Reopening |
| May 24, 2004 | Docket No. 41191 (Sub-No. 1) AEP Texas North Company v. The Burlington Northern and Santa Fe Railway Company, Reply Evidence of The Burlington Northern and Santa Fe Railway Company |
| June 23, 2004 | Docket No. 42057 Public Service Company of Colorado d/b/a Xcel Energy v. The Burlington Northern and Santa Fe Railway Company, Petition to Correct Technical and Computational Errors |
| March 1, 2005 | Docket No. 42071 Otter Tail Power Company v BNSF Railway Company, Supplemental Evidence of BNSF Railway Company |
| April 4, 2005 | Docket No. 42071 Otter Tail Power Company v BNSF Railway Company, Reply of BNSF Railway Company to Supplemental Evidence |
| <i>Arbitration Panel</i> | |
| March 7, 2005 | Arbitration Case #181 Y 00490 04 BNSF Railway Company and J.B. Hunt Transport, Inc., Expert Report on behalf of BNSF Railway Company |
| March 28, 2005 | Arbitration Case #181 Y 00490 04 BNSF Railway Company and J.B. Hunt Transport, Inc., Rebuttal Expert Report on behalf of BNSF Railway Company |
| April 12, 2005 | Arbitration Case #181 Y 00490 04 BNSF Railway Company and J.B. Hunt Transport, Inc., Supplemental Expert Report on behalf of BNSF Railway Company |
| April 19, 2005 | Arbitration Case #181 Y 00490 04 BNSF Railway Company and J.B. Hunt Transport, Inc., Supplemental Rebuttal Expert Report on behalf of BNSF Railway Company |



E

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Attachment E

Pursuant to paragraph 36 of the Special Access Notice of Proposed Rulemaking (WC Docket No. 05-25, RM-10593), SBC hereby submits its expense matrix data from 1994 to 2004 for SBC Illinois.

| SBC | | | | | | |
|------------------------|--------------------------------------|---------|------------------|----------|--------|----------------|
| Illinois | | | | | | |
| Expense Matrix | | | | | | |
| (Dollars in Thousands) | | | | | | |
| Year: 1994 | | | | | | |
| Account No. | Account Title | Total | Salaries & Wages | Benefits | Rents | Other Expenses |
| 6112 | Motor Vehicle | 1,331 | 351 | 119 | 109 | 752 |
| 6115 | Garage Work Equipment | 254 | 2 | 1 | 11 | 240 |
| 6116 | Other Work Equipment | 654 | 62 | 21 | 27 | 544 |
| 6110 | Total Network Support | 2,239 | 415 | 141 | 147 | 1,536 |
| 6121 | Land & Building | 70,588 | 11,122 | 3,767 | 10,743 | 44,956 |
| 6122 | Furniture & Artwork | 4,410 | 118 | 42 | (60) | 4,310 |
| 6123 | Office Equipment | 20,773 | 1,853 | 641 | 5,303 | 12,976 |
| 6124 | General Purpose Computers | 111,909 | 5,110 | 2,173 | 29 | 104,597 |
| 6120 | Total General Support | 207,680 | 18,203 | 6,623 | 16,015 | 166,839 |
| 6211 | Analog Electronic | 29,535 | 19,635 | 6,729 | - | 3,171 |
| 6212 | Digital Electronic | 117,939 | 40,232 | 10,907 | 3,532 | 63,268 |
| 6215 | Electro-mechanical | - | - | - | - | - |
| 6210 | Total Central Office Switching | 147,474 | 59,867 | 17,636 | 3,532 | 66,439 |
| 6220 | Total Operator Systems | 256 | 140 | 48 | - | 68 |
| 6231 | Radio Systems | 76 | 30 | 10 | | 36 |
| 6232 | Circuit Equipment | 39,809 | 24,653 | 8,482 | 32 | 6,642 |
| 6230 | Total Central Office Transmission | 39,885 | 24,683 | 8,492 | 32 | 6,678 |
| 6311 | Station Apparatus | 8,404 | 3,222 | 1,119 | | 4,063 |
| 6341 | Large Private Branch Equipment | 135 | 101 | 34 | | - |
| 6351 | Public Telephone Terminal Equip. | 10,843 | 5,049 | 1,658 | | 4,136 |
| 6362 | Other Terminal Equipment | 69,872 | 47,037 | 16,280 | | 6,555 |
| 6310 | Total Info. Origination/Termination | 89,254 | 55,409 | 19,091 | - | 14,754 |
| 6411 | Poles | 3,162 | 189 | 68 | 87 | 2,818 |
| 6421 | Aerial Cable | 79,554 | 54,932 | 16,559 | - | 8,063 |
| 6422 | Underground Cable | 32,382 | 21,469 | 7,380 | 41 | 3,492 |
| 6423 | Buried Cable | 120,342 | 61,340 | 18,943 | 54 | 40,005 |
| 6424 | Submarine Cable | 1 | | - | | 1 |
| 6425 | Deep Sea Cable | - | | | | - |
| 6426 | Intrabuilding Network Cable | 1,008 | 679 | 242 | | 87 |
| 6431 | Aerial Wire | - | | - | - | - |
| 6441 | Conduit Systems | 26,929 | 336 | 125 | 93 | 26,375 |
| 6410 | Total Cable and Wire | 263,378 | 138,945 | 43,317 | 275 | 80,841 |
| | Total Plant Specific Operations | 750,166 | 297,662 | 95,348 | 20,001 | 337,155 |
| 6511 | PHFTU | - | | | | |
| 6512 | Provisioning | 2,767 | 247 | 85 | | 2,435 |
| 6510 | Total Other Property, Plant & Equip. | 2,767 | 247 | 85 | - | 2,435 |

| SBC | | | | | | |
|------------------------|-------------------------------------|-----------|------------------|----------|--------|----------------|
| Illinois | | | | | | |
| Expense Matrix | | | | | | |
| (Dollars in Thousands) | | | | | | |
| Year: 1994 | | | | | | |
| Account No. | Account Title | Total | Salaries & Wages | Benefits | Rents | Other Expenses |
| 6531 | Power | 8,345 | - | - | | 8,345 |
| 6532 | Network Administration | 16,943 | 11,114 | 4,284 | | 1,545 |
| 6533 | Testing | 62,391 | 48,428 | 13,722 | | 241 |
| 6534 | Plant Operations Administration | 67,547 | 12,387 | 17,175 | | 37,985 |
| 6535 | Engineering | 89,820 | 30,379 | 14,174 | | 45,267 |
| 6530 | Total Network Operations | 245,046 | 102,308 | 49,355 | - | 93,383 |
| 6540 | Access | 41,036 | | | | 41,036 |
| 6561 | Depreciaton-TPIS | 610,482 | | | | 610,482 |
| 6562 | Depreciation-PHFTU | - | | | | |
| 6563 | Amortization-tangible | 3,645 | | | | 3,645 |
| 6564 | Amortization-intangible | - | | | | |
| 6565 | Amortization-other | 4,539 | | | | 4,539 |
| 6560 | Total Depreciation & Amortization | 618,666 | - | - | - | 618,666 |
| | Total Plant Non-Specific Operations | 907,515 | 102,555 | 49,440 | - | 755,520 |
| 6611 | Product Management | 44,697 | 1,028 | 704 | | 42,965 |
| 6612 | Sales | 75,132 | 7,745 | 3,824 | | 63,563 |
| 6613 | Product Advertising | 38,034 | 13 | 4 | | 38,017 |
| 6610 | Total Marketing Expense | 157,863 | 8,786 | 4,532 | - | 144,545 |
| 6621 | Call Completion | 19,229 | 13,600 | 4,669 | | 960 |
| 6622 | Numbering Services | 57,805 | 43,837 | 14,418 | | (450) |
| 6623 | Customer Services | 303,290 | 110,960 | 37,898 | | 154,432 |
| 6620 | Total Services | 380,324 | 168,397 | 56,985 | - | 154,942 |
| | Total Customer Operations | 538,187 | 177,183 | 61,517 | - | 299,487 |
| 6711 | Executive | 11,499 | 990 | 321 | | 10,188 |
| 6712 | Planning | 1,925 | 46 | 15 | | 1,864 |
| 6710 | Total Executive and Planning | 13,424 | 1,036 | 336 | - | 12,052 |
| 6721 | Accounting & Finance | 29,967 | 4,806 | 1,999 | | 23,162 |
| 6722 | External Relations | 20,856 | 5,159 | 2,268 | | 13,429 |
| 6723 | Human Resources | 20,165 | 2,420 | 1,277 | | 16,468 |
| 6724 | Information Management | 64,117 | 2,175 | 837 | | 61,105 |
| 6725 | Legal | 6,499 | 1,695 | 721 | | 4,083 |
| 6726 | Procurement | 9,414 | 92 | 36 | | 9,286 |
| 6727 | Research and Development | 5,376 | - | - | | 5,376 |
| 6728 | Other General & Administrative | 283,830 | 971 | (3,154) | | 286,013 |
| 6720 | Total General & Administrative | 440,224 | 17,318 | 3,984 | - | 418,922 |
| | Total Operating Expenses | 2,649,516 | 595,754 | 210,625 | 20,001 | 1,823,136 |

| SBC | | | | | | |
|------------------------|--------------------------------------|---------|------------------|----------|--------|----------------|
| Illinois | | | | | | |
| Expense Matrix | | | | | | |
| (Dollars in Thousands) | | | | | | |
| Year: 1995 | | | | | | |
| Account No. | Account Title | Total | Salaries & Wages | Benefits | Rents | Other Expenses |
| 6112 | Motor Vehicle | 5,327 | 965 | 347 | 460 | 3,555 |
| 6114 | Special Purpose Vehicle | 35 | | | | 35 |
| 6115 | Garage Work Equipment | 180 | 44 | 15 | 6 | 115 |
| 6116 | Other Work Equipment | 355 | 31 | 11 | 8 | 305 |
| 6110 | Total Network Support | 5,897 | 1,040 | 373 | 474 | 4,010 |
| 6121 | Land & Building | 58,843 | 3,029 | 1,101 | 11,044 | 43,669 |
| 6122 | Furniture & Artwork | 6,099 | 3 | 1 | 2 | 6,093 |
| 6123 | Office Equipment | 16,383 | 2,726 | 1,020 | 4,395 | 8,242 |
| 6124 | General Purpose Computers | 97,117 | 7,128 | 3,007 | 1,437 | 85,545 |
| 6120 | Total General Support | 178,442 | 12,886 | 5,129 | 16,878 | 143,549 |
| 6211 | Analog Electronic | 19,693 | 12,748 | 4,709 | - | 2,236 |
| 6212 | Digital Electronic | 108,665 | 38,473 | 14,169 | 8,176 | 47,847 |
| 6215 | Electro-mechanical | 2 | 1 | - | - | 1 |
| 6210 | Total Central Office Switching | 128,360 | 51,222 | 18,878 | 8,176 | 50,084 |
| 6220 | Total Operator Systems | 4,616 | 52 | 19 | - | 4,545 |
| 6231 | Radio Systems | 118 | 20 | 7 | - | 91 |
| 6232 | Circuit Equipment | 32,308 | 20,649 | 7,294 | - | 4,365 |
| 6230 | Total Central Office Transmission | 32,426 | 20,669 | 7,301 | - | 4,456 |
| 6311 | Station Apparatus | 17,695 | 4,755 | 1,765 | 99 | 11,076 |
| 6341 | Large Private Branch Equipment | - | - | - | - | - |
| 6351 | Public Telephone Terminal Equip. | 9,052 | 4,541 | 1,676 | - | 2,835 |
| 6362 | Other Terminal Equipment | 65,879 | 44,784 | 15,570 | - | 5,525 |
| 6310 | Total Info. Origination/Termination | 92,626 | 54,080 | 19,011 | 99 | 19,436 |
| 6411 | Poles | 3,676 | 256 | 96 | 97 | 3,227 |
| 6421 | Aerial Cable | 80,050 | 53,896 | 19,370 | 6 | 6,778 |
| 6422 | Underground Cable | 35,880 | 23,683 | 8,382 | 21 | 3,794 |
| 6423 | Buried Cable | 122,656 | 61,467 | 21,335 | 67 | 39,787 |
| 6424 | Submarine Cable | 3 | - | - | - | 3 |
| 6425 | Deep Sea Cable | - | - | - | - | - |
| 6426 | Intrabuilding Network Cable | 463 | 410 | 151 | - | (98) |
| 6431 | Aerial Wire | - | - | - | - | - |
| 6441 | Conduit Systems | 33,810 | 290 | 107 | - | 33,413 |
| 6410 | Total Cable and Wire | 276,538 | 140,002 | 49,441 | 191 | 86,904 |
| | Total Plant Specific Operations | 718,905 | 279,951 | 100,152 | 25,818 | 312,984 |
| 6511 | PHFTU | - | - | - | - | - |
| 6512 | Provisioning | 3,246 | 243 | 92 | - | 2,911 |
| 6510 | Total Other Property, Plant & Equip. | 3,246 | 243 | 92 | - | 2,911 |

| SBC | | | | | | |
|------------------------|-------------------------------------|-----------|------------------|----------|--------|----------------|
| Illinois | | | | | | |
| Expense Matrix | | | | | | |
| (Dollars in Thousands) | | | | | | |
| Year: 1995 | | | | | | |
| Account No. | Account Title | Total | Salaries & Wages | Benefits | Rents | Other Expenses |
| 6531 | Power | 10,305 | - | - | | 10,305 |
| 6532 | Network Administration | 16,265 | 10,330 | 4,291 | | 1,644 |
| 6533 | Testing | 62,184 | 46,190 | 15,289 | | 705 |
| 6534 | Plant Operations Administration | 88,355 | 34,557 | 13,852 | | 39,946 |
| 6535 | Engineering | 67,276 | 25,199 | 12,639 | | 29,438 |
| 6530 | Total Network Operations | 244,385 | 116,276 | 46,071 | - | 82,038 |
| 6540 | Access | 42,226 | | | | 42,226 |
| 6561 | Depreciaton-TPIS | 582,740 | | | | 582,740 |
| 6562 | Depreciation-PHFTU | - | | | | - |
| 6563 | Amortization-tangible | 3,001 | | | | 3,001 |
| 6564 | Amortization-intangible | - | | | | - |
| 6565 | Amortization-other | 4,539 | | | | 4,539 |
| 6560 | Total Depreciation & Amortization | 590,280 | - | - | - | 590,280 |
| | Total Plant Non-Specific Operations | 880,137 | 116,519 | 46,163 | - | 717,455 |
| 6611 | Product Management | 55,274 | 1,459 | 720 | | 53,095 |
| 6612 | Sales | 81,050 | 10,803 | 4,667 | | 65,580 |
| 6613 | Product Advertising | 45,800 | 45 | 23 | | 45,732 |
| 6610 | Total Marketing Expense | 182,124 | 12,307 | 5,410 | - | 164,407 |
| 6621 | Call Completion | 16,997 | 12,454 | 4,533 | | 10 |
| 6622 | Numbering Services | 54,573 | 40,023 | 14,057 | | 493 |
| 6623 | Customer Services | 323,767 | 114,221 | 40,090 | | 169,456 |
| 6620 | Total Services | 395,337 | 166,698 | 58,680 | - | 169,959 |
| | Total Customer Operations | 577,461 | 179,005 | 64,090 | - | 334,366 |
| 6711 | Executive | 10,504 | 676 | 1,321 | | 8,507 |
| 6712 | Planning | 4,003 | 139 | 74 | | 3,790 |
| 6710 | Total Executive and Planning | 14,507 | 815 | 1,395 | - | 12,297 |
| 6721 | Accounting & Finance | 29,389 | 3,738 | 1,674 | | 23,977 |
| 6722 | External Relations | 24,393 | 3,522 | 2,092 | | 18,779 |
| 6723 | Human Resources | 22,051 | 4,270 | 2,399 | | 15,382 |
| 6724 | Information Management | 79,117 | 1,096 | 572 | | 77,449 |
| 6725 | Legal | 6,053 | 346 | 145 | | 5,562 |
| 6726 | Procurement | 28,117 | 442 | 232 | | 27,443 |
| 6727 | Research and Development | 5,701 | - | - | | 5,701 |
| 6728 | Other General & Administrative | 59,998 | 4,980 | 8,049 | | 46,969 |
| 6720 | Total General & Administrative | 254,819 | 18,394 | 15,163 | - | 221,262 |
| | Total Operating Expenses | 2,445,829 | 594,684 | 226,963 | 25,818 | 1,598,364 |

| SBC | | | | | | |
|------------------------|--------------------------------------|---------|------------------|----------|--------|----------------|
| Illinois | | | | | | |
| Expense Matrix | | | | | | |
| (Dollars in Thousands) | | | | | | |
| Year: 1996 | | | | | | |
| Account No. | Account Title | Total | Salaries & Wages | Benefits | Rents | Other Expenses |
| 6112 | Motor Vehicle | 5,873 | 918 | 364 | 1,098 | 3,493 |
| 6114 | Special Purpose Vehicles | 76 | - | - | - | 76 |
| 6115 | Garage Work Equipment | (14) | 41 | 16 | 3 | (74) |
| 6116 | Other Work Equipment | 2,626 | 237 | 92 | 58 | 2,239 |
| 6110 | Total Network Support | 8,561 | 1,196 | 472 | 1,159 | 5,734 |
| 6121 | Land & Building | 57,006 | 1,218 | 490 | 12,183 | 43,115 |
| 6122 | Furniture & Artwork | 5,194 | 9 | 5 | - | 5,180 |
| 6123 | Office Equipment | 7,198 | 1,641 | 563 | 2,503 | 2,491 |
| 6124 | General Purpose Computers | 58,347 | 6,822 | 2,631 | 310 | 48,584 |
| 6120 | Total General Support | 127,745 | 9,690 | 3,689 | 14,996 | 99,370 |
| 6211 | Analog Electronic | 15,852 | 11,621 | 2,582 | - | 1,649 |
| 6212 | Digital Electronic | 130,219 | 39,274 | 10,457 | 6,839 | 73,649 |
| 6215 | Electro-mechanical | - | - | - | - | - |
| 6210 | Total Central Office Switching | 146,071 | 50,895 | 13,039 | 6,839 | 75,298 |
| 6220 | Total Operator Systems | 1,270 | 68 | 24 | - | 1,178 |
| 6231 | Radio Systems | 21 | 16 | 5 | - | - |
| 6232 | Circuit Equipment | 36,775 | 22,620 | 7,969 | - | 6,186 |
| 6230 | Total Central Office Transmission | 36,796 | 22,636 | 7,974 | - | 6,186 |
| 6311 | Station Apparatus | 51,330 | 4,892 | 1,695 | 123 | 44,620 |
| 6341 | Large Private Branch Equipment | - | - | - | - | - |
| 6351 | Public Telephone Terminal Equip. | 6,991 | 4,025 | 1,413 | - | 1,553 |
| 6362 | Other Terminal Equipment | 68,293 | 47,025 | 16,225 | - | 5,043 |
| 6310 | Total Info. Origination/Termination | 126,614 | 55,942 | 19,333 | 123 | 51,216 |
| 6411 | Poles | 4,270 | 221 | 84 | 149 | 3,816 |
| 6421 | Aerial Cable | 91,531 | 60,700 | 23,664 | 1 | 7,166 |
| 6422 | Underground Cable | 44,816 | 29,371 | 9,088 | 214 | 6,143 |
| 6423 | Buried Cable | 140,740 | 72,079 | 27,566 | 72 | 41,023 |
| 6424 | Submarine Cable | - | - | - | - | - |
| 6425 | Deep Sea Cable | - | - | - | - | - |
| 6426 | Intrabuilding Network Cable | 1,158 | 812 | 286 | - | 60 |
| 6431 | Aerial Wire | - | - | - | - | - |
| 6441 | Conduit Systems | 34,595 | 318 | 135 | - | 34,142 |
| 6410 | Total Cable and Wire | 317,110 | 163,501 | 60,823 | 436 | 92,350 |
| | Total Plant Specific Operations | 764,167 | 303,928 | 105,354 | 23,553 | 331,332 |
| 6511 | PHFTU | - | - | - | - | - |
| 6512 | Provisioning | 3,625 | 428 | 151 | - | 3,046 |
| 6510 | Total Other Property, Plant & Equip. | 3,625 | 428 | 151 | - | 3,046 |

| SBC | | | | | | |
|------------------------|-------------------------------------|-----------|------------------|----------|--------|----------------|
| Illinois | | | | | | |
| Expense Matrix | | | | | | |
| (Dollars in Thousands) | | | | | | |
| Year: 1996 | | | | | | |
| Account No. | Account Title | Total | Salaries & Wages | Benefits | Rents | Other Expenses |
| 6531 | Power | 11,045 | - | - | - | 11,045 |
| 6532 | Network Administration | 14,411 | 9,497 | 4,281 | - | 633 |
| 6533 | Testing | 66,080 | 57,052 | 7,216 | - | 1,812 |
| 6534 | Plant Operations Administration | 90,892 | 29,142 | 13,482 | - | 48,268 |
| 6535 | Engineering | 53,005 | 21,000 | 9,139 | - | 22,866 |
| 6530 | Total Network Operations | 235,433 | 116,691 | 34,118 | - | 84,624 |
| 6540 | Access | 34,540 | - | - | - | 34,540 |
| 6561 | Depreciation-TPIS | 650,425 | - | - | - | 650,425 |
| 6562 | Depreciation-PHFTU | - | - | - | - | - |
| 6563 | Amortization-tangible | 3,966 | - | - | - | 3,966 |
| 6564 | Amortization-intangible | - | - | - | - | - |
| 6565 | Amortization-other | 4,539 | - | - | - | 4,539 |
| 6560 | Total Depreciation & Amortization | 658,930 | - | - | - | 658,930 |
| | Total Plant Non-Specific Operations | 932,528 | 117,119 | 34,269 | - | 781,140 |
| 6611 | Product Management | 68,589 | 1,406 | 759 | - | 66,424 |
| 6612 | Sales | 66,801 | 10,655 | 4,795 | - | 51,351 |
| 6613 | Product Advertising | 50,211 | 67 | 38 | - | 50,106 |
| 6610 | Total Marketing Expense | 185,601 | 12,128 | 5,592 | - | 167,881 |
| 6621 | Call Completion | 16,077 | 11,439 | 4,487 | - | 151 |
| 6622 | Numbering Services | 57,984 | 39,074 | 12,327 | - | 6,583 |
| 6623 | Customer Services | 320,229 | 103,888 | 36,099 | - | 180,242 |
| 6620 | Total Services | 394,290 | 154,401 | 52,913 | - | 186,976 |
| | Total Customer Operations | 579,891 | 166,529 | 58,505 | - | 354,857 |
| 6711 | Executive | 9,749 | 994 | 179 | - | 8,576 |
| 6712 | Planning | 2,141 | 165 | 95 | - | 1,881 |
| 6710 | Total Executive and Planning | 11,890 | 1,159 | 274 | - | 10,457 |
| 6721 | Accounting & Finance | 29,956 | 2,001 | 1,013 | - | 26,942 |
| 6722 | External Relations | 25,756 | 3,913 | 1,553 | - | 20,290 |
| 6723 | Human Resources | 17,832 | 4,149 | 2,267 | - | 11,416 |
| 6724 | Information Management | 116,389 | 1,688 | 923 | - | 113,778 |
| 6725 | Legal | 8,181 | 327 | 160 | - | 7,694 |
| 6726 | Procurement | 8,666 | 227 | 128 | - | 8,311 |
| 6727 | Research and Development | 2,661 | - | - | - | 2,661 |
| 6728 | Other General & Administrative | 108,441 | 6,533 | 10,290 | - | 91,618 |
| 6720 | Total General & Administrative | 317,882 | 18,838 | 16,334 | - | 282,710 |
| | Total Operating Expenses | 2,606,358 | 607,573 | 214,736 | 23,553 | 1,760,496 |

| SBC | | | | | | |
|------------------------|--------------------------------------|---------|------------------|----------|--------|----------------|
| Illinois | | | | | | |
| Expense Matrix | | | | | | |
| (Dollars in Thousands) | | | | | | |
| Year: 1997 | | | | | | |
| Account No. | Account Title | Total | Salaries & Wages | Benefits | Rents | Other Expenses |
| 6112 | Motor Vehicle | 7,173 | 1,121 | 436 | 2,188 | 3,428 |
| 6114 | Special Purpose Vehicles | 29 | - | - | - | 29 |
| 6115 | Garage Work Equipment | 309 | 34 | 12 | 12 | 251 |
| 6116 | Other Work Equipment | 2,241 | 228 | 42 | 40 | 1,931 |
| 6110 | Total Network Support | 9,752 | 1,383 | 490 | 2,240 | 5,639 |
| 6121 | Land & Building | 58,662 | 725 | 244 | 12,395 | 45,298 |
| 6122 | Furniture & Artwork | 2,552 | - | - | - | 2,552 |
| 6123 | Office Equipment | 6,154 | 1,672 | 520 | 2,183 | 1,779 |
| 6124 | General Purpose Computers | 55,074 | 6,192 | 2,084 | 304 | 46,494 |
| 6120 | Total General Support | 122,442 | 8,589 | 2,848 | 14,882 | 96,123 |
| 6211 | Analog Electronic | 16,142 | 10,294 | 3,252 | - | 2,596 |
| 6212 | Digital Electronic | 102,434 | 43,461 | 14,710 | 7,572 | 36,691 |
| 6215 | Electro-mechanical | - | - | - | - | - |
| 6210 | Total Central Office Switching | 118,576 | 53,755 | 17,962 | 7,572 | 39,287 |
| 6220 | Total Operator Systems | 2,843 | 59 | 19 | - | 2,765 |
| 6231 | Radio Systems | 32 | 24 | 8 | - | - |
| 6232 | Circuit Equipment | 43,338 | 27,351 | 8,638 | - | 7,349 |
| 6230 | Total Central Office Transmission | 43,370 | 27,375 | 8,646 | - | 7,349 |
| 6311 | Station Apparatus | 46,443 | 4,568 | 1,410 | (513) | 40,978 |
| 6341 | Large Private Branch Equipment | - | - | - | - | - |
| 6351 | Public Telephone Terminal Equip. | 6,148 | 3,663 | 1,130 | - | 1,355 |
| 6362 | Other Terminal Equipment | 67,168 | 46,884 | 15,295 | - | 4,989 |
| 6310 | Total Info. Origination/Termination | 119,759 | 55,115 | 17,835 | (513) | 47,322 |
| 6411 | Poles | 4,141 | 251 | 83 | 136 | 3,671 |
| 6421 | Aerial Cable | 85,712 | 59,240 | 20,029 | 1 | 6,442 |
| 6422 | Underground Cable | 45,859 | 30,453 | 10,012 | 34 | 5,360 |
| 6423 | Buried Cable | 143,173 | 72,948 | 24,319 | 140 | 45,766 |
| 6424 | Submarine Cable | - | - | - | - | - |
| 6425 | Deep Sea Cable | - | - | - | - | - |
| 6426 | Intrabuilding Network Cable | 1,004 | 708 | 236 | - | 60 |
| 6431 | Aerial Wire | - | - | - | - | - |
| 6441 | Conduit Systems | 33,012 | 286 | 105 | - | 32,621 |
| 6410 | Total Cable and Wire | 312,901 | 163,886 | 54,784 | 311 | 93,920 |
| | Total Plant Specific Operations | 729,643 | 310,162 | 102,584 | 24,492 | 292,405 |
| 6511 | PHFTU | - | - | - | - | - |
| 6512 | Provisioning | 3,780 | 576 | 187 | - | 3,017 |
| 6510 | Total Other Property, Plant & Equip. | 3,780 | 576 | 187 | - | 3,017 |

| SBC | | | | | | |
|------------------------|-------------------------------------|-----------|------------------|----------|--------|----------------|
| Illinois | | | | | | |
| Expense Matrix | | | | | | |
| (Dollars in Thousands) | | | | | | |
| Year: 1997 | | | | | | |
| Account No. | Account Title | Total | Salaries & Wages | Benefits | Rents | Other Expenses |
| 6531 | Power | 10,216 | - | - | - | 10,216 |
| 6532 | Network Administration | 13,642 | 9,259 | 3,299 | - | 1,084 |
| 6533 | Testing | 80,726 | 57,675 | 21,024 | - | 2,027 |
| 6534 | Plant Operations Administration | 85,567 | 28,011 | 10,226 | - | 47,330 |
| 6535 | Engineering | 55,435 | 22,493 | 8,436 | - | 24,506 |
| 6530 | Total Network Operations | 245,586 | 117,438 | 42,985 | - | 85,163 |
| 6540 | Access | 46,654 | - | - | - | 46,654 |
| 6561 | Depreciaton-TPIS | 586,917 | - | - | - | 586,917 |
| 6562 | Depreciation-PHFTU | - | - | - | - | - |
| 6563 | Amortization-tangible | 3,716 | - | - | - | 3,716 |
| 6564 | Amortization-intangible | 175 | - | - | - | 175 |
| 6565 | Amortization-other | 4,681 | - | - | - | 4,681 |
| 6560 | Total Depreciation & Amortization | 595,489 | - | - | - | 595,489 |
| | Total Plant Non-Specific Operations | 891,509 | 118,014 | 43,172 | - | 730,323 |
| 6611 | Product Management | 77,658 | 1,223 | 660 | - | 75,775 |
| 6612 | Sales | 78,328 | 10,784 | 4,880 | - | 62,664 |
| 6613 | Product Advertising | 58,702 | 84 | 43 | - | 58,575 |
| 6610 | Total Marketing Expense | 214,688 | 12,091 | 5,583 | - | 197,014 |
| 6621 | Call Completion | 12,114 | 10,526 | 4,030 | - | (2,442) |
| 6622 | Numbering Services | 54,171 | 39,146 | 12,935 | - | 2,090 |
| 6623 | Customer Services | 315,936 | 111,847 | 37,140 | - | 166,949 |
| 6620 | Total Services | 382,221 | 161,519 | 54,105 | - | 166,597 |
| | Total Customer Operations | 596,909 | 173,610 | 59,688 | - | 363,611 |
| 6711 | Executive | 11,631 | 1,514 | 234 | - | 9,883 |
| 6712 | Planning | 2,281 | 66 | 247 | - | 1,968 |
| 6710 | Total Executive and Planning | 13,912 | 1,580 | 481 | - | 11,851 |
| 6721 | Accounting & Finance | 29,407 | 1,066 | 433 | - | 27,908 |
| 6722 | External Relations | 29,682 | 2,694 | 1,413 | - | 25,575 |
| 6723 | Human Resources | 20,339 | 4,009 | 2,009 | - | 14,321 |
| 6724 | Information Management | 158,620 | 982 | 566 | - | 157,072 |
| 6725 | Legal | 7,208 | 228 | 121 | - | 6,859 |
| 6726 | Procurement | 8,637 | 218 | 118 | - | 8,301 |
| 6727 | Research and Development | 1,770 | - | - | - | 1,770 |
| 6728 | Other General & Administrative | 104,719 | 6,749 | (22,783) | - | 120,753 |
| 6720 | Total General & Administrative | 360,382 | 15,946 | (18,123) | - | 362,559 |
| | Total Operating Expenses | 2,592,355 | 619,312 | 187,802 | 24,492 | 1,760,749 |
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| SBC | | | | | | |
|------------------------|--------------------------------------|----------|------------------|----------|--------|----------------|
| Illinois | | | | | | |
| Expense Matrix | | | | | | |
| (Dollars in Thousands) | | | | | | |
| Year: 1998 | | | | | | |
| Account No. | Account Title | Total | Salaries & Wages | Benefits | Rents | Other Expenses |
| 6112 | Motor Vehicle | 8,086 | 1,444 | 376 | 3,005 | 3,261 |
| 6114 | Special Purpose Vehicles | 20 | - | - | - | 20 |
| 6115 | Garage Work Equipment | 886 | 22 | 6 | 12 | 846 |
| 6116 | Other Work Equipment | 2,211 | 202 | 14 | 40 | 1,955 |
| 6110 | Total Network Support | 11,203 | 1,668 | 396 | 3,057 | 6,082 |
| 6121 | Land & Building | 64,617 | 539 | 125 | 13,007 | 50,946 |
| 6122 | Furniture & Artwork | 2,859 | 2 | - | - | 2,857 |
| 6123 | Office Equipment | 5,343 | 2,035 | 427 | 2,042 | 839 |
| 6124 | General Purpose Computers | 132,587 | 3,276 | 703 | 347 | 128,261 |
| 6120 | Total General Support | 205,406 | 5,852 | 1,255 | 15,396 | 182,903 |
| 6211 | Analog Electronic | 11,449 | 7,814 | 1,796 | - | 1,839 |
| 6212 | Digital Electronic | 97,533 | 47,006 | 11,351 | 8,679 | 30,497 |
| 6215 | Electro-mechanical | - | - | - | - | - |
| 6210 | Total Central Office Switching | 108,982 | 54,820 | 13,147 | 8,679 | 32,336 |
| 6220 | Total Operator Systems | 1,375 | 79 | 17 | - | 1,279 |
| 6231 | Radio Systems | 26 | 20 | 5 | - | 1 |
| 6232 | Circuit Equipment | 38,630 | 27,391 | 6,205 | 240 | 4,794 |
| 6230 | Total Central Office Transmission | 38,656 | 27,411 | 6,210 | 240 | 4,795 |
| 6311 | Station Apparatus | 38,125 | 3,727 | 836 | 1,270 | 32,292 |
| 6341 | Large Private Branch Equipment | - | - | - | - | - |
| 6351 | Public Telephone Terminal Equip. | 5,889 | 3,580 | 804 | - | 1,505 |
| 6362 | Other Terminal Equipment | 67,361 | 51,410 | 11,719 | - | 4,232 |
| 6310 | Total Info. Origination/Termination | 111,375 | 58,717 | 13,359 | 1,270 | 38,029 |
| 6411 | Poles | 3,598 | 483 | 108 | 358 | 2,649 |
| 6421 | Aerial Cable | 80,300 | 61,767 | 14,764 | 2 | 3,767 |
| 6422 | Underground Cable | 44,872 | 34,070 | 7,317 | 17 | 3,468 |
| 6423 | Buried Cable | 131,934 | 76,822 | 19,775 | 157 | 35,180 |
| 6424 | Submarine Cable | - | - | - | - | - |
| 6425 | Deep Sea Cable | - | - | - | - | - |
| 6426 | Intrabuilding Network Cable | 580 | 441 | 101 | - | 38 |
| 6431 | Aerial Wire | - | - | - | - | - |
| 6441 | Conduit Systems | 19,069 | 467 | 103 | - | 18,499 |
| 6410 | Total Cable and Wire | 280,353 | 174,050 | 42,168 | 534 | 63,601 |
| | Total Plant Specific Operations | 757,350 | 322,597 | 76,552 | 29,176 | 329,025 |
| 6511 | PHFTU | - | - | - | - | - |
| 6512 | Provisioning | (12,367) | 16,307 | 3,731 | - | (32,405) |
| 6510 | Total Other Property, Plant & Equip. | (12,367) | 16,307 | 3,731 | - | (32,405) |

| SBC | | | | | | |
|------------------------|-------------------------------------|-----------|------------------|----------|--------|----------------|
| Illinois | | | | | | |
| Expense Matrix | | | | | | |
| (Dollars in Thousands) | | | | | | |
| Year: 1998 | | | | | | |
| Account No. | Account Title | Total | Salaries & Wages | Benefits | Rents | Other Expenses |
| 6531 | Power | 10,831 | - | - | - | 10,831 |
| 6532 | Network Administration | 12,055 | 8,787 | 1,976 | - | 1,292 |
| 6533 | Testing | 74,408 | 57,380 | 15,101 | - | 1,927 |
| 6534 | Plant Operations Administration | 101,581 | 35,254 | 12,257 | - | 54,070 |
| 6535 | Engineering | 51,246 | 21,075 | 4,843 | - | 25,328 |
| 6530 | Total Network Operations | 250,121 | 122,496 | 34,177 | - | 93,448 |
| 6540 | Access | 137,215 | - | - | - | 137,215 |
| 6561 | Depreciaton-TPIS | 619,771 | - | - | - | 619,771 |
| 6562 | Depreciation-PHFTU | - | - | - | - | - |
| 6563 | Amortization-tangible | 2,798 | - | - | - | 2,798 |
| 6564 | Amortization-intangible | - | - | - | - | - |
| 6565 | Amortization-other | 3,382 | - | - | - | 3,382 |
| 6560 | Total Depreciation & Amortization | 625,951 | - | - | - | 625,951 |
| | Total Plant Non-Specific Operations | 1,000,920 | 138,803 | 37,908 | - | 824,209 |
| 6611 | Product Management | 86,902 | 287 | 127 | - | 86,488 |
| 6612 | Sales | 99,663 | 9,716 | 2,770 | - | 87,177 |
| 6613 | Product Advertising | 47,768 | 15 | 6 | - | 47,747 |
| 6610 | Total Marketing Expense | 234,333 | 10,018 | 2,903 | - | 221,412 |
| 6621 | Call Completion | 13,628 | 8,316 | 2,544 | - | 2,768 |
| 6622 | Numbering Services | 53,173 | 41,695 | 9,845 | - | 1,633 |
| 6623 | Customer Services | 341,518 | 103,320 | 24,294 | - | 213,904 |
| 6620 | Total Services | 408,319 | 153,331 | 36,683 | - | 218,305 |
| | Total Customer Operations | 642,652 | 163,349 | 39,586 | - | 439,717 |
| 6711 | Executive | 8,517 | 1,321 | 171 | - | 7,025 |
| 6712 | Planning | 1,540 | - | 4 | - | 1,536 |
| 6710 | Total Executive and Planning | 10,057 | 1,321 | 175 | - | 8,561 |
| 6721 | Accounting & Finance | 42,074 | 338 | 211 | - | 41,525 |
| 6722 | External Relations | 24,388 | 2,656 | 695 | - | 21,037 |
| 6723 | Human Resources | 24,602 | 3,075 | 1,065 | - | 20,462 |
| 6724 | Information Management | 45,497 | 911 | 228 | - | 44,358 |
| 6725 | Legal | 17,396 | 326 | 78 | - | 16,992 |
| 6726 | Procurement | 8,661 | 170 | 45 | - | 8,446 |
| 6727 | Research and Development | 271 | - | - | - | 271 |
| 6728 | Other General & Administrative | 50,978 | 7,389 | 11,447 | - | 32,142 |
| 6720 | Total General & Administrative | 213,867 | 14,865 | 13,769 | - | 185,233 |
| | Total Operating Expenses | 2,624,846 | 640,935 | 167,990 | 29,176 | 1,786,745 |